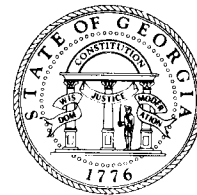


GEORGIA REVENUE QUARTERLY



Zell Miller, Governor

T. Jerry Jackson, Commissioner

MODERNIZATION CONTINUES: NEW COMPUTER SYSTEM SLATED

ATLANTA—Taking another significant step toward upgrading and modernizing its operations, and at the same time becoming Year 2000 compliant, the Department of Revenue will unveil a new Withholding Tax computer system in January 1999, DOR Commissioner T. Jerry Jackson has announced.

"The Department is pleased to announce, that as a critical component of our Year 2000 remediation effort, we can also implement a recommendation made by KPMG Peat Marwick in the Blueprint for Modernization," Commissioner Jackson said. "This computer system will facilitate processing of withholding returns which, along with streamlined filing requirements, will result in better tax ad-

ministration benefiting employers and tax practitioners alike."

In advance of implementing the new computer system, the Department is promulgating two amended sections of the Withholding Tax Rules and Regulations. Among its key provisions are new rules for quarterly filing by monthly payors, and guidelines for annual filing by employers whose yearly withholding totals less than \$800. At present, the DOR has approximately 200,000 withholding accounts, about half of whom file on a monthly basis. The streamlined reporting requirements will permit all monthly filers to submit their returns on a quarterly basis while continuing to remit payments

monthly. Prior to the new computer system taking effect in January, the Department will mail Withholding Coupon Books and the revised Employer's Tax Guide to all registered employers in late December. Withholding payments for the January 1999 period will be due on February 15, 1999.

"In my opinion, these new requirements will solve most of the problems that people have had in complying with state withholding," said Guy Darnell of the firm Meigs, Lowe and Darnell, P.C., in Bremen. "The new regulations should make it easier for new business people to comply because they are so similar to the federal requirements."

Among its features, the new Withholding Tax computer system will enable DOR personnel to have increased on-line functionality. This will improve taxpayer service by allowing changes to withholding account information to be updated immediately during a phone conversation with the employer (taxpayer), thus reducing subsequent data entry and resulting in speedier processing.

"The ability to update an individual withholding account within a specific batch (group) of documents is an important step forward," said John M. Corn, Director of the Income Tax Division. "Because any mistakes in the document, or other needed changes, can be made prior to processing, it should clearly reduce the number of incorrect penalty and interest notices issued by the Withholding Tax Section."

The two amended Withholding Tax sections that have been promulgated are "Withholding Tax Forms" and "Payment and Report-

(See WITHHOLDING on page 3)

'ONE-STOP' SHOPPING:

1998 INCOME TAX BOOKLET

The Department of Revenue will again embrace the "one-shop-shopping" concept to ease the income tax filing process for taxpayers next year by combining its 1998 Georgia 500 and 500EZ forms into one user-friendly booklet.

"By returning to the combined booklet with forms, instructions, and envelopes for mailing, we hope that this will make the entire process easy for all taxpayers," said John M. Corn, Director, Income Tax Division.

"Each year, the Department prints in excess of 4 million booklets. In late December we will mail almost 2.9 million of them — one to every registered Georgia taxpayer. Combining the Georgia 500 and 500EZ forms into one booklet also helps to consolidate our printing and postal budget."

Taxpayers who need additional forms/booklets can access them in a variety of ways: 1) Downloading them from the DOR's Website (www2.state.ga.us/departments/dor); 2) Calling the DOR's Forms Order Line at 404-656-4293 and ordering them utilizing either voice mail or the Fax-on-Demand system; 3) Picking up a booklet at any of 11 Regional Offices or DOR Headquarters in downtown Atlanta; or 4) Visiting most post offices and some banks in Georgia.

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COMMISSIONER'S LETTER

As one of the fastest growing states in the country, it appears that thousands of new Georgia residents are learning what we have known all along: Georgia is a great place to live.

This growth has presented many challenges for the Department of Revenue in its efforts to provide the high level of service that taxpayers of our State deserve and have come to expect. Our modernization plans are underway and will extend into the next several years. These plans include the utilization of new technologies to assist in the continued expansion of additional electronic filing options, to improve the processing of paper returns, and to enhance our service levels to Georgia taxpayers.

Our electronic filing program grew once again in 1998 to almost 500,000 filers making Georgia No. 3 in the U.S. in the Joint Fed/State Electronic Filing Program. If you qualify, you can help the Department serve you better by filing electronically in 1999. It eliminates the need for submitting a paper return and allows our computer systems to issue refund checks within three weeks.

The Department is continuing to upgrade many of our tax processing systems that have served Georgia for the past 20 years with new technology that will enable the State to provide increased and more efficient service well into the next century. Just as importantly, we are currently updating our computer systems to insure that there is no disruption of service relating to the widely reported Year 2000 computer problem.

With the advent of the 1999 filing season close at hand, the Department is striving to simplify the filing of your taxes. At the same time, we understand that you will have questions. In addition to our 11 regional offices, we have numerous taxpayer assistance representatives at our Trinity-Washington headquarters building in Atlanta ready and willing to be of service.

Our mission is to serve our customers in a prompt, courteous and professional manner. We welcome your comments and suggestions as to how we can provide an even higher level of service.

Very truly yours,

T. Jerry Jackson
Commissioner

500, 500EZ BOOKLET

(Continued from page 1)

In advance of the 1999 filing season, the Income Tax Division offers, as it does every year, a few "Quick Tips" to insure that a taxpayer's Georgia return is processed both **correctly** and **quickly**. "While the following steps may seem patently obvious, one or more of them tend to be overlooked," said Jerry Roberts, a tax conferee in the Income Tax Division. "Consequently, it leads to a delay in processing a taxpayer's return -- and if they are due a refund, causes a delay in issuing their refund check."

Following are Roberts's recommended steps for filing a return that can be processed quickly and efficiently by the Department:

1. Use black ink when filling out the return. This will enable the return to be imaged clearly by the Department's optical scanning equipment.
 2. Use the personalized mailing label provided that contains the taxpayer's name and address (or the label provided for a joint return by self and spouse) and affix it to the front page of the return.
 3. Attach all necessary W-2 statements to the front of the return.
 4. Be certain to sign the return. If filing jointly, both spouses **MUST** sign.
 5. Use the proper envelope provided when mailing either a **BALANCE DUE** return (green stripe envelope) or a **REFUND** return (blue stripe envelope).
- "Being able to process a taxpayer's refund return quickly and efficiently will result in faster receipt of a Georgia Income Tax Refund Check. And that is something **ALL** of us are interested in," Roberts concluded.

HB 90, HB 3 CHECKS MAILED

ATLANTA—In mid-October, eligible federal and military retirees in Georgia were mailed refund checks from the Georgia Department of Revenue per the terms of House Bill 90 and House Bill 3. Both bills were passed by the 1995 session of the General Assembly and signed into law by Governor Zell Miller.

Over 47,000 retirees eligible under House Bill 90 will receive their fourth, and final, yearly refund check. The refund checks for this group of retirees began in 1995 and have been paid out each October.

The more than 39,000 retirees eligible under House Bill 3 will receive their third of four yearly refund checks. The refund checks for this group of retirees began in 1996 and will conclude in October 1999.

Eligible retirees who have questions regarding their installment payments can call the DOR's special Federal Retiree "hotline". Available 24 hours a day, the phone numbers are as follows — (404) 657-6881, 657-2695 or 651-5222 (within Metro Atlanta or outside the State of Georgia), or 1-800-817-1858 (outside Metro Atlanta but within Georgia only).

COUNTY UPDATES

The DOR's Sales and Use Tax Division has provided the information below referencing "County Updates" as of October 1, 1998.

The following county jurisdictions ceased imposition of special purpose tax on September 30. Therefore, effective October 1, their county sales tax rate changed to: Chattahoochee - 6%, McDuffie - 6%.

PROPERTY TAX APPRAISAL MANUAL

In early October, the Property Tax Division of the Georgia Department of Revenue released its proposed draft of the "Georgia Appraisal Procedural Manual."

This is the next step in a process that eventually will result in the promulgation of regulations governing the procedures that local county tax appraisers follow to arrive at the fair market value of property for ad valorem tax purposes. This manual, which the General Assembly directed the Department of Revenue to develop, will be promulgated as a rule under the Georgia Administrative Procedures Act.

The process of determining appraisal standards emanated from the 1997 General Assembly session which passed an amendment to O.C.G.A. §48-5-269.1. This amendment added "real property" and it has led to the current project of developing a comprehensive Appraisal Manual for Real and Personal Property. "We are determined to bring the parties together and arrive at a consensus of the best interpretation of the intent of the General Assembly regarding ad valorem tax administration," said Larry Griggers, Direc-

tor, Property Tax Division.

One of the sticking points during the development of drafting a manual for review and discussion is determining whether it should provide for procedures that, when followed, result in a "specific value" for a certain piece of property. For example, is it appropriate to provide a cost-based approach with actual depreciation tables and salvage values for machinery and equipment? Currently, there exists little market data for resale value of this type of property.

"The manual does not specify a final value," Griggers says. "It provides a normal value as a starting point from which the local appraiser can apply any extraordinary market factors to arrive at the final value. Many property owners have expressed a preference for this approach. Some county governments have expressed concern, however, that it will remove some of their flexibility."

The process of seeking input for the manual began in 1997. Since then, the Property Tax Division has hosted meetings comprised of county officials and tax practitioners at DOR headquarters in Atlanta. These have not

only been well attended, but have also utilized GSAMS technology to reach other interested parties throughout Georgia.

"The Property Tax Division has developed a mailing list of interested parties that are being sent e-mail or faxes of the proceedings," Griggers adds. "We have a Website, Internet newsgroups, and have conducted three public hearings. We continue to encourage everyone who has a position on this issue to submit their ideas to the Division."

Anyone interested in the process of developing the Appraisal Procedural Manual can follow it at any of the following sources:

1. Send your e-mail address to 'griggers@rev.state.ga.us' and request that you be added to the Interested Parties mailing list.
2. Call 404-657-4165 and leave your fax number (expect some delays).
3. Access Property Tax Division's website at <http://www2.state.ga.us/departments/dor/ptd>.
4. Access DOAS newsgroups (accessible only in Georgia): Server-'news.doas.state.ga.us'. Newsgroup name 'ga.dor.ptd.advalorem'.

WITHHOLDING COMPUTER SYSTEM DEBUTS IN JAN.

(Continued from page 1)

ing of Income Tax Withheld." Among other provisions they: 1) Eliminate the Annual Reconciliation (Form G-3), Monthly Return (G-6) and Quarterly Return (G-1); and 2) Describe new forms and procedures. The changes in Withholding Tax law are a result of House Bill 479 which was passed by the 1997 General Assembly. The legislation amended

O.C.G.A. §48-7-103 and O.C.G.A. §48-7-106.

The Department is also revising its Employer's Tax Guide. This booklet, as well as the Magnetic Media Guide, should help employers and tax practitioners to familiarize themselves with Georgia's withholding requirements.

Anyone with questions or who needs additional information is invited to call either the Income Tax Division Director's Office at 404-656-4095, or their nearest DOR Regional Office. The amended Rules and Regulations can also be accessed from the DOR Website (www2.state.ga.us/departments/dor).

During the 1997 General Assembly, Georgia legislators amended O.C.G.A. §48-7-103 which impacted reporting of withholding tax to the DOR. This amendment resulted in the creation of new reporting forms and filing requirements effective 1/1/99. In 1998, legislators increased the personal allowance, resulting in new withholding tax tables. These tables became effective May 1, 1998 and are printed in a publication entitled "Georgia Income Tax Withholding Tables". Changes in filing requirements include:

Annual Filers. Every employer whose tax withheld or required to be withheld is \$800 or less per year can request to remit payment with return (G-7) on or before January

31 of the following year. Requests to file annually must be in writing and received prior to the first quarter due date.

Quarterly Filers. Employers whose tax withheld or required to be withheld is \$200 per month or less, but more than \$800 per year, are required to file and remit payment with return (G-7) on or before the last day of the month following the end of the quarter.

Monthly Filers. Every employer whose tax withheld or required to be withheld exceeds \$200 per month is required to remit payment with a payment voucher (GA-V) on or before the fifteenth day of the following month, unless they are required to remit such pay-

ment electronically. In addition, the employer is required to file a return (G-7) reconciling all payments made during the quarter on or before the last day of the month following the end of the quarter.

Electronic Funds Transfer (EFT) Filers. Every employer whose tax withheld or required to be withheld exceeds \$10,000 per month must remit payment electronically in accordance with O.C.G.A. §48-2-32. In addition, the employer is required to file a return (G-7) reconciling all payments made during the quarter on or before the last day of the month following the end of the quarter. The requirements for the electronic filing of payments are unchanged.

Georgia Department of Revenue
Administrative Division
Information Office - Room 401
270 Washington Street
Atlanta, GA 30334

Taxpayers or businesses who would like to order forms from the Georgia Department of Revenue are invited to mail in the form below. Forms can also be ordered utilizing either voice mail or fax-on-demand service by calling (404) 656-4293.

IT-101 REV, ORDER FOR INCOME TAX FORMS

FORMS ARE MAILED THIRD CLASS. PLEASE ALLOW 3 TO 4 WEEKS FOR DELIVERY.

_____	Withholding Tax Guide	_____ 501	Fiduciary return * (5)
_____ G4	Employee Withholding exemption certificate	_____ 550	Claim for refund* (10)
_____ 303	Request for extension* (5)	_____ 552	Tentative carry back-corporation* (10)
_____ 500ES	Individual Estimated Income Tax* (10)	_____ 553	Tentative carry back-other* (10)
_____ 500	Individual Return	_____ 560	Tax prepayment (Individual Taxpayers)* (10)
_____ 500EZ	Single Individual Short Form	_____ 560C	Tax prepayment (Corporation Taxpayers)* (10)
_____ 511	Form 500 instructions	_____ 600	Corporation return
_____ 500X	Individual return-amended* (10)	_____ 611	Form 600 instructions
_____ 500UET	Estimate Penalty Computation	_____ 600S	Sub "S" corporation return
		_____ 611S	Form 600S instructions
		_____ 700	Partnership return* (5)
		_____ ITCR	Composite Return* (2)
		_____	Other

*QUANTITIES OF ORDERS ARE LIMITED.

IF MORE FORMS ARE NEEDED, CALL 404-656-4293.

CALL NUMBERS LISTED BELOW FOR THESE FORMS.

G-1, G-3, G-6	404-656-4181
602ES	404-656-4191
Sales Tax/Motor Fuel	404-656-4086

PLEASE TYPE OR PRINT NAME AND ADDRESS BELOW

DEPARTMENT OF REVENUE
INCOME TAX DIVISION
P. O. BOX 740389
ATLANTA, GA 30374-0369

NAME		
ADDRESS		
CITY	STATE	ZIP CODE